

**Department of Personnel Administration
Memorandum**

TO: Personnel Management Liaisons (PML)

SUBJECT: Changes to Part-time, Seasonal, and Temporary (PST) Retirement Program	REFERENCE NUMBER: 2004-074
DATE ISSUED: 12/30/04	SUPERSEDES:

This memorandum should be forwarded to:

**Employee Benefit Officers
Personnel Officers
Personnel Transaction Supervisors**

FROM: Department of Personnel Administration
Savings Plus Program

CONTACT: Savings Plus Program
(916) 324-0508
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Effective January 1, 2005, employees covered by the PST Retirement Program who become eligible for CalPERS will no longer be eligible to receive a lump sum cash distribution from their PST account. This change in our current practice is necessary because IRS regulations don't permit cash distributions from a PST Retirement Program when an employee's retirement category changes.

Instead, Savings Plus will transfer the employee's entire PST account balance to a 457 account with Savings Plus when the employee becomes CalPERS eligible. (We'll automatically establish the 457 account on behalf of the employee when the funds are transferred; if the employee already has a 457 account with Savings Plus, we'll transfer the PST funds to the existing account.)

This new policy is described in the revised [PST Benefit Payment Booklet](#). Please make sure your affected employees have access to this document, either by printing office copies from our Web site or directing employees to the booklet online. (We did not produce copies for bulk ordering.)

Here are answers to some questions employees may ask you about the PST Retirement Program and this new policy:

What's the PST Retirement Program and why am I in it?

The PST Retirement Program is a retirement savings plan mandated by federal law for eligible employees who are (1) excluded from a pension plan (in this case, CalPERS); and (2) are **not** covered by Social Security. Employees who meet these two conditions are automatically covered by the program. During the time you're in the PST Program, 7.5 percent of your gross pay is withheld from each paycheck and deposited into a PST account managed on your behalf by the Savings Plus Program.

What happens to the funds in my PST account if I become eligible for CalPERS?

If you become eligible for CalPERS due to a change in your employment status (say, you go from being part-time to full-time, or from temporary to permanent), you no longer are eligible for the PST Retirement Program. At that time, the funds that have accumulated in your PST account will be transferred automatically to a Savings Plus account. Savings Plus will set up this account for you; if you already have a 457 account with Savings Plus, your funds will be transferred to your existing account.

Savings Plus will mail you a confirmation of this transfer. To be sure you receive this mailing, make sure your personnel office has your current home mailing address on file.

What happens to my money after it goes to Savings Plus?

When your PST funds are automatically transferred to a Savings Plus 457 account, the funds will be invested in the "Savings Pool." You will have the choice to move the funds to other investment options available to Savings Plus participants. Savings Plus offers you a wide range of options for where to invest your funds (which is how you build up your account balance for retirement). You should review these investment options and make selections that will best fulfill your retirement savings goals.

How do I get more information about Savings Plus and 457 accounts?

If you're a new participant in Savings Plus, a Welcome Kit will be mailed to you that explains how the Savings Plus Program works, how to manage your account, how to select investment options, and how to make changes to your account using the Internet and/or phone. The kit will also include a Beneficiary Designation form for you to fill out and return. Savings Plus will mail these materials to your home address soon after your PST funds have been transferred to Savings Plus.

What if I already have a 401(k) account through Savings Plus?

If you have a 401(k) account with Savings Plus, but **not** a 457 account, Savings Plus will still need to set up a 457 account for you. PST funds will not be transferred to 401(k) accounts.

If you have questions, call Savings Plus toll free at (866) 566-4777 and press *0 to speak with a customer service representative. Representatives are available Monday through Friday, 8:30 a.m. to 4:00 p.m. (PT), excluding State holidays.

/s/Lura Franzella

Lura Franzella
Administrator, Savings Plus Program